

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 IO-14 CIAE-00 DODE-00 PM-07 H-03 INR-11

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USIA-15 MC-02 IGA-02 AID-20 EB-11 ACDA-19 OMB-01

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C O N F I D E N T I A L BOGOTA 8678

E.O. 11652: GDS

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1. THE EVENHANDEDNESS POLICY, WHEREBY THE US OFFERS TO SELL OR PROVIDE THE SAME TYPES OF MILITARY EQUIPMENT TO COLOMBIA AND VENEZUELA ON THE SAME TERMS, IS APPRECIATED BY THE COLOMBIAN MILITARY, AND HAS SERVED TO KEEP THE USG CLEAR OF ACCUSATIONS OF FAVORITISM IN REGARD TO PROVISIONS OF ARMS IN THIS REGION. THE OBJECTIVE OF AVOIDING RESPONSIBILITY FOR CREATING A MILITARY IMBALANCE BETWEEN COLOMBIA AND VENEZUELA IS A SOUND GOAL WHICH THE USG SHOULD SEEK, AND THE STRATEGY OF EVENHANDEDNESS APPEARS TO US TO BE A USEFUL ONE FOR THIS PURPOSE FOR THE FORESEEABLE FUTURE.

2. HOWEVER, SEVERAL THINGS SHOULD BE NOTED ABOUT THE CURRENT CONTEXT OF THAT POLICY:

A) THE MAINTENANCE OF A STABLE MILITARY BALANCE BETWEEN COLOMBIA AND VENEZUELA WOULD OBVIOUSLY BE
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A DESIRABLE STATE OF AFFAIRS FROM THE STANDPOINT OF

REGIONAL COOPERATION AND PEACE. WHILE AS REFTTEL POINTS OUT, US POLICY NEVER PRESUMED TO POSIT AS ONE OF ITS GOALS THE CREATION OR MAINTENANCE OF SUCH A BALANCE BUT MERELY THE AVOIDANCE OF RESPONSIBILITY FOR DISTURBING IT, EVENHANDEDNESS WAS, IN POINT OF FACT, ONE OF THE MAIN FACTORS UNTIL RECENTLY IN MAINTAINING A ROUGH BALANCE BETWEEN THE TWO COUNTRIES. THIS WAS POSSIBLE BECAUSE WE HAD FOR MANY YEARS BEEN THE MAIN SOURCE OF SUPPLY--ALMOST A MONOPOLY SUPPLIER.

B) THE NEW FOUND AFFLUENCE OF VENEZUELA, HOWEVER, MEANS THAT THE GOV CAN BUY ALMOST ANY LEVEL OF MILITARY STRENGTH IT WANTS WITHOUT OUR REALLY BEING ABLE TO DO ANYTHING ABOUT IT. WE NO LONGER HAVE MONOPOLY CONTROL OVER THE QTE SOURCE OF SUPPLY UNQUOTE.

C) THE DIFFERENTIAL IN WEALTH BETWEEN VENEZUELA AND COLOMBIA--AND COLOMBIA'S CURRENT AUSTERITY PROGRAM--MEANS AS A PRACTICAL MATTER THAT COLOMBIA WILL NOT BE ABLE IN THE FUTURE TO TAKE ADVANTAGE OF CASH AND CREDIT OFFERS TO THE EXTENT VENEZUELA CAN. THEREFORE EVENHANDEDNESS AS A MERE MATHEMATICAL FORMULA IS NOT LIKELY TO BE AS SUCCESSFUL AS IT WAS IN THE PAST IN ACHIEVING THE GOAL OF AVOIDING ACCUSATIONS OF FAVORITISM IN SECURITY ASSISTANCE. PUT ANOTHER WAY, THE CHANCES THAT WE WILL BE SEEN AS QUOTE ALLOWING UNQTE VENEZUELA TO ARM AND OF ACTUALLY ENGENDERING DIFFERENT LEVELS OF US ARMS SALES TO THE TWO COUNTRIES WILL BE GREATER IN THE FUTURE, EVEN IF WE OFFER EQUAL TERMS TO BOTH.

3. THESE CIRCUMSTANCES POSE A BASIC CONCEPTUAL ISSUE, NAMELY, THE INCREASING CHANCE OF CONTRADICTION BETWEEN TWO US INTERESTS: THE DESIRE TO BE THE MAIN SUPPLIER OF MILITARY EQUIPMENT TO THESE COUNTRIES AS A WAY BOTH OF MAINTAINING INFLUENCE AND EARNING MONEY, ON THE ONE HAND, AND, ON THE OTHER, THE DESIRABILITY OF AVOIDING ACCUSATIONS THAT WE FAVOR ONE OVER THE OTHER IN THIS FIELD AS WELL AS AVOIDING ACTUALLY DISTURBING THE MILITARY BALANCE OR STIMULATING ARMS
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COMPETITION. THE PROBLEM, AS NOTED ABOVE, IS THAT THE ECONOMIC DISPARITY RUNS REAL RISKS THAT IF WE SATISFY THE FORMER INTEREST WE RISK VIOLATING THE LATTER. IN A CONFLICT BETWEEN THESE TWO INTERESTS, IT WOULD BE OUR VIEW THAT THE LATTER IS THE MORE COMPELLING IN LONG RANGE TERMS AND IN THE EVENTUAL TOTAL POSTURE AND INFLUENCE WHICH WE ARE ABLE TO PROJECT IN THESE SOCIETIES AS A WHOLE.

4. THIS IN TURN PRESENTS TWO OPERATIONAL ISSUES AS WE SEE IT:

A) SHOULD WE TRY ACTIVELY TO MAINTAIN A MILITARY BALANCE, FOR EXAMPLE, BY GIVING EASIER TERMS TO COLOMBIA TO COMPENSATE FOR ITS POORER ECONOMIC POSITION?

B) SHOULD WE SEEK TO SATISFY VENEZUELA'S ABILITY TO BUY, SO AS NOT TO LOSE THE SALE, BY SETTING THE QTE EVENHANDED LEVELS UNQTE ON THE BASIS OF VENEZUELA'S PURCHASING POWER, AND RATIONALIZING THAT WE WILL OFFER THE SAME TO COLOMBIA AND IF IT CANNOT BUY THAT IS NOT OUR FAULT?

5. OUR RECOMMENDATION ON THESE OPERATIONAL ISSUES AND GENERALPOLICY ARE AS FOLLOWS:

A) WE DO NOT BELIEVE THE USG SHOULD TRY TO MAINTAIN THE MILITARY BALANCE. THIS WOULD ONLY INVOLVE US IN CONTORTIONS AND TANGLEDWEBS, AND WE PROBABLY DO NOT HAVE THE CAPACITY TO SUCCEED ANYWAY SINCE WE ARE REALLY NOT A MONOPOLY SUPPLIER ANYMORE. THEREFORE WE SHOULD NOT VARY CONCESSIONAL TERMS FOR THIS PURPOSE.

B) WE SHOULD CAREFULLY MAINTAIN EQUALITY OF TREATMENT AS TO CONCESSIONAL TERMS (CREDIT, VESSEL TRANSFERS, ETC) AND TYPES OF EQUIPMENT WE ARE WILLING TO PROVIDE.

C) WE OPPOSE RAISING THE LEVELS OF CONCESSIONAL TERMS, SUCH AS FMS CREDITS, AS PROPOSED BY SOUTHCOM (USCINCSO MESSAGE 211904Z SEP 74 PARA 3). THIS WOULD IN EFFECT ONLY SERVE TO FAVOR VENEZUELA BECAUSE THERE IS VIRTUALLY NO CHANCE THAT COLOMBIA WILL BE ABLE TO AVAIL ITSELF OF ADDITIONAL CREDITS. IT WOULD IN FACT ENGENDER SUBSTANTIALLY DIFFERENT LEVELS OF

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US ARMS SALES TO THE TWO COUNTRIES, THE VERY SITUATION THAT EVENHANDEDNESS WAS DESIGNED TO AVOID. IN ADDITION, THE GREATER AVAILABILITY OF FMS CREDIT TO COLOMBIA AND VENEZUELA COULD GIVE THE IMPRESSION THAT THE US IS ACTIVELY PROMOTING ARMS SALES TO DEVELOPING COUNTRIES, THUS DIVERTING FUNDS FROM THE ECONOMIC AND SOCIAL DEVELOPMENT THAT WE HAVE STATED IN THE PAST TO BE AMONG OUR HIGHEST PRIORITIES IN OUR POLICY TOWARD THE LDC'S.

D) WE WOULD SUGGEST FOLLOWING EXISTING PRACTICE ON FMS CASH SALES, WHICH ARE NOT RIGIDLY HANDLED EVENHANDEDLY (PARA 3 REFTEL) WE SHOULD HOWEVER NOT BE STAMPEDED BY FEARS THAT THE GOV WILL BUY ELSEWHERE IF WE DO NOT MAKE EVERY EFFORT TO SUPPLY IT OURSELVES OR TO COMPETE WITH EUROPEANS.

E) WE SHOULD NOT QTE DRUM UP UNQTE SALES OF EQUIPMENT
TO EITHER COUNTRY.

6. WE REALIZE THAT ARMS SALES POLICIES IN LATIN AMERICA
CANNOT BE COMPARTMENTALIZED. THE RECENT PRESS REPORTS
OF BRAZIL'S INTENTION TO ACQUIRE OVER 100 ADDITIONAL
MIRAGE AIRCRAFT, WHICH WILL, IF TRUE, EFFECT VENEZUELAN
MILITARY PLANNING AND, BY EXTENSION, THAT OF COLOMBIA,
PRESENTS AN EXAMPLE OF THE DIFFICULTY IN THIS REGARD.
IT MAY, ACCORDINGLY, BE TIMELY TO INITIATE A REGIONAL
REVIW OF LATIN AMERICAN ARMS SALES POLICY, TAKING
INTO ACCOUNT PARTICULARLY THE CHANGED STATUS OF BRAZIL
AND VENEZUELA WITHIN THE HEMISPHERE.

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